AIR POUCH

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TO: THE DEPARTMENT OF STATE, WASHINGTON

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SUBJECT: Long Term Analysis of the Nigerian Political, Economic and Social Evolution

Within the past decade, remarkable progress has been made in bringing the Nigerian Constitution more into line with the requirements of a rapidly developing nation. The liberal modifications which went into effect October, 1954, resulted in even greater autonomy for both the Federal and Regional Governments. Indeed, the past year has been devoted largely to the transfer of power to the Regions, each of which has its own elected legislature and body of responsible regional Ministers selected by the dominant party, headed by the regional Premier. Education, public health, civil service and the judiciary were all regionalized. Each Region gained control of its own finances. Only those powers essential to a loose federation were retained by the Center such as national finance, currency and coinage, defense, communications, public safety and control of certain national resources.

The past sixteen months have been particularly trying for the civil servants who have been transferred to the Regional set ups or retained in the Federal in accordance with the shift of power. As a result, public business was handicapped and the civil service, itself, confused and demoralized.

General elections followed the constitutional changes. These resulted in a strong show by the National Congress of Nigeria and the Cameroons (NCNC) which made impressive inroads into the private precinct of the Action Group in the Western Region. By capturing the majority of seats in the Eastern and Western Regions, the party placed six NCNC members on the Federal Council of Ministers but because of Colonial Administration members and Northern Peoples Party strength it failed to capture voting control.

In the economic field, the excellent report of the International Bank for Reconstruction and Finance published September, 1954, made available the results of months of extensive expert research and analysis. Its impact on economic thinking was great. It reviewed all sectors of the national economy. It is probably the first time really extensive data has been gotten together and evaluated into the economy as a whole. The report serves as a continuing guide to the expanding Nigerian economy and is a point of departure from which subsequent research may carry on. The report recommended a five year plan of

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development comprising both public and private investment. The amounts involved, while large for Nigeria, were regarded as being well within its possibilities. Of particular interest was the Mission's recommendation that a national commission be organized to plan and coordinate efforts in the economic field especially on the Federal level.

At the same time that constitutional changes were being made and inquiries projected into the national economy, studies of the wage scale and standards of living were inaugurated. The reports of the various experts in these fields as they were made public were debated in the press and by political and labor groups each anxious to get on the bandwagon but none too sure, or indifferent, as to where it might carry them.

So much for the past. We might now have a look at the present. Political parties are maneuvering for position, selecting proposals to submit at the Constitutional Convention which probably will be held in August, 1956. Independence and self-determination are topics of discussion encountered at every turn. The words have no commonly accepted meaning and vary from the ideas of those who would have immediate national Nigerian independence, completely free from Great Britain, to those who sincerely wish to maintain the status quo; from those few who prefer a capitalist society under law to those who see in the words the coming of an African Utopia and sharing of the wealth, especially that of the European.

Fortunately, African political leadership appears to be rising rather well to its responsibilities. The assurance given by the British that regional self-government within the Nigerian Federation could be had for the asking at the 1956 Constitutional Convention, released a strong head of political steam. Responsible leaders seeing more clearly the difficulties and dangers of the road ahead, are inclined to adopt a slower approach. They realize they do not have among themselves the experts, the technicians, the trained administrators required for complete self-government. Those Nigerians in touch with the problem on a Regional and Federal level are now taking steps to encourage the British colonial administrator to continue on in Nigerian service. Nevertheless, realizing that conditions are bound to change, the British civil servant is generally looking elsewhere for employment. He is reluctant to trust the future of himself and his family to the vagaries of an African Government. Present administration staffs are alarmingly low. Some of the services are working with a staff at but 60% of normal with no immediate relief in sight. The transition of civil services to a largely Nigerian staff presents perhaps the greatest problem of self-determination.

As under any constitution, the problem of the protection of the minorities looms large. Admittedly, the present distribution of Nigeria into three Regions openly flouts generally accepted social

and ethnological concepts. Present boundaries divide ethnic tribal groups. Within the boundaries one finds many small tribes or groups completely submerged by the more dominant. Nigeria has had a long and tragic history of tribal domination and exploitation. The memory lives on into the present day structure. Minority groups are deathly afraid of the time when the hand of British protection may be withdrawn leaving them at the mercy of their enemies. The Nigerian has had little experience with the give and take of democracy. He is disinclined to compromise. He generally has little compunction at pushing his own advantage to the disadvantage of his neighbors. Various ideas are shaping up within the political parties contemplating the creation of additional states. AZIKIWE is understood to favor breaking the present Regional set up down into thirteen states. LENNOX-BOYD, on the other hand, clearly sees no advantage in what he calls "fragmentation". The creation of a Benin-Delta state is discussed as are Calabar-Rivers-Ogoja and Middle Belt states. It is difficult to see how tribal antipathies can be eradicated by the mere creation of additional political sub-divisions or how mere numbers can solve the minority problem.

The relationship of each State or Region to the Federal authority is a consuming one of the moment. This question still remains whether or not the three Regions agree to keep their present boundaries. The British offer Regional independence within the Federation--no more. Again it is necessary to limit the meaning of the word. Each of the three Regions is today independent at least to the extent possible within a loose Federation. Each Regional Governor has a veto power which he can use within limits generally applicable to finance and the civil service. It is an empty power seldom used. Certain politicians favor the removal of the veto power at the time of the Convention next year. A demand may be made that all the police forces in a Region be placed under the control of the Premier. Certainly these two modifications, if made, would complete the independence the Regions now enjoy and fulfill the British promise. What would then prevent a runaway Regional Government from dissipating its resources, from oppressing minorities from, for example, cutting off the great Northern Region with its Muslim population from free access to the sea? How much effective protection can be extended by the Federation? Can it effectively control a recalcitrant State? These are some of the many questions being debated in political circles at the present time. Little thought is apparently being devoted to planning the outline of the Federal structure which will emerge after August, 1956. The British, on the other hand, have taken several steps strengthening and unifying the Federal power. Nigeria has been separated from the West African judicial system. She now has national judicial autonomy subject only to appeals to the Crown. She has been separated from the West African Defense Command. The Nigerian Defense Force is now wholly Nigerian, still, of course, commanded and led by British officers. She still adheres to the West African currency and coinage system and, following the World Bank's advice, will probably continue to do so

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for some time. While there has been a distinct shaping up of a national entity, the outlines are by no means clear. Native politicians seem more interested in purely local matters than in the national or international aspects of an emerging and sovereign nation.

Industry and commerce are expanding rapidly. All the usual economic indices show consistant gains. Bank deposits today are the highest ever and are on the increase. They are triple the figures of 1950. While this indicates an encouraging expansion of business, the increase in the number of depositors reflects the growing number and prosperity of small African businessmen. A middle class African businessman is slowly emerging. Building permits and construction are at an all-time high. Local contractors are limited only by the scarcity of materials and a rather disturbing fear of high prices covering both labor and materials. The railroads contrive to expand and carry the highest volume of freight in their experience. Automobile registrations push to higher numbers. Government revenues have doubled since 1950 as have expenditures. The budget remains well in balance. Exports are ahead of imports (1954 exports £145,919,000--imports £114,065,000), at approximately twice the 1950 figures. The balance of trade remains very favorable although this year the terms of trade have deteriorated somewhat due largely to the fall in cocoa prices.

Corporate income is high. A study of corporate taxes collected would seem to further support the belief that African merchants and businessmen are gaining a larger share of the Corporate pie. This is a desirable trend since the large European corporations in the past enjoyed almost a monopoly of "big business". Even today, their share is disproportionately large. For fiscal 1953-1954, it was still calculated at over 40%. Electric power consumption is up 60% over that of 1950. To carry the expansion in trade and industry, currency in circulation has risen to twice the 1950 figure.

While the indices of economic activity make rather dull reading, they do point to a growing domestic economy. Independent of mere statistics, however, one may be guided by the optimism of the large European trading companies all of which are expanding, reaching for an enlarged share in the growing market. This is particularly true of the oil companies who obviously are risking large sums in investment anticipating returns as consumption increases and living standards go up.

Mention has already been made to the several wage and salary studies made within the past few years. The Gorsuch Report is at present being implemented. It provides a substantial increase, sometimes 20% over present salaries. While it applies only to Government employees, its pattern is being followed by private enterprise. Where private employers, for example the oil companies, have been paying in excess of what has been the minimum salary in

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Government [illegible] are, in practice, compelled to preserve the differentials. Thus salaries are currently being increased by amounts varying up to 20%. The arbitrator's report on wages of Government's daily labor force has just this week been published. It establishes a minimum daily wage varying somewhat with length of service and the location. Again, the effect extends to private business and industry pushing wage scales up. With this comes an excess of funds to be spent largely on consumer goods which will, more and more, be produced at home.

Two months ago, Nigeria was represented at an international labor conference at Geneva. The delegates handled themselves extremely well. Much help and guidance is furnished the labor movement by the Federal Government which endeavors to maintain a hands-off attitude between labor and management but which is obviously sympathetic to the labor viewpoint. There is as yet very little labor legislation and collective bargaining is unknown. Most of Nigeria's labor unions are members of the All Nigeria Trade Union Federation (ANTUF) which shows signs of Communist influence. Nevertheless, it has refrained from associating itself with the World Federation of Trade Unions (WFTU) and while weak and not strongly led, is decidedly a force with which to reckon. The political parties have all had a go at taking over the labor movement to use it for their own ends, so far without success.

As the result of constitutional changes last year, the Regions took over responsibility for their educational and public health programs. Little progress has since been made in these fields since it has been largely a period of readjustment. However, the University College at Ibadan is now open and continues to grow. With proper staffing, it alone could go a long way towards providing the higher educational needs for those students able to qualify. A publically financed University of Nigeria and a Catholic University are under consideration in the Eastern Region. Larger numbers of students continue to seek higher education in England and the United States either with private funds, or, frequently, on some form of publically-supported scholarship. Unfortunately, too many of these students look for a classical or professional education whereas the pressing need in Nigeria today is for technicians and administrators.

Both Eastern and Western Regions have completed plans for universal primary education, the Western Region being somewhat further along. Lack of funds, teachers and buildings are proving insurmountable obstacles. Local people are reluctant to bear the direct taxes which a really workable system of primary education requires. In the North, education continues to be largely a matter of indifference except for a few political leaders who can be depended upon to push hard for more adequate schooling. The main burden of elementary training is borne by the mission schools to which the country owes so much. The same tribute is due in the field of medicine and public health. Mission hospitals and dispensaries dot

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the land although pitifully small in number to serve the 32,000,000 inhabitants of this large area. Public institutions as a rule are poorly run and generally inadequate.

What does the immediate future promise? The picture is still too obscure to permit prophecy on the outcome of the Constitutional Convention, generally agreed as meeting August, 1956. It will probably be called at London since Nigerian politicians prefer to be away from the distraction of local pressure groups and the press. It is most unlikely that sovereignty within the Commonwealth will result or even be seriously raised at the time. Certainly some steps will be taken in that direction. It is generally realized that self-determination cannot be achieved overnight. Great harm can come from pushing too fast. The problem of civil servants must first be met. It appears as though five or even ten years are not too much to expect before any serious effort toward independence within the Empire can be anticipated. During this period, as British control lessens, Nigeria will seek more and more outside help. Here we can and should be willing to assist. Our U.S.I.S. program should be stepped up to meet the challenge. The International Cooperation Administration can render assistance on carefully selected projects. Nigeria will need all the help she can get and it will be to our interest to see that she gets it. This country of 32,000,000 people with great resources and a European-type Government and experience, can be expected to emerge as a leader in West and Central Africa. We can do a great deal to influence the direction and manner in which she goes.

Economically, the future looks bright. True, some 80% or more of her exports are tropical agricultural commodities sold on a freely competitive international market. The long term prospects indicate a larger export market although an occasional crop may suffer temporarily as has recently been the case with cocoa. Large marketing reserves for use in price stabilization can be expected to weather any but a major world slump. These reserves represent a challenge to native wisdom and forebearance. If dissipated unwisely, the effect could well be fatal.

The probability of petroleum revenue is an important part of Nigeria's economic future. Shell D'Arcy has already invested over $30 million in its search for oil in the Niger Delta and Eastern Regions. Oil has been found although it is not yet certain that it exists in commercial quantities.

The greatest interest lies in the development of the domestic market buoyed up by high prices and an initial spiral of wage and salary increases. Native Africans can be expected more and more to engage in small businesses so far generally limited to trade but in the days to come, entering the manufacturing field. The Pioneer Industries Act, giving tax exemption to new industries, has just today been extended to textile plants and food canning enterprises.

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Preference is given to purely African enterprise. Imports will continue to increase although the composition will change giving place to articles manufactured within the country. All this clearly will not be quick to materialize. It will be delayed indefinitely if the Nigerians, themselves, abuse their new power by an excess of bickering, inefficiency and corruption. Again, it is indicated that the evolving processes move slowly and with a great deal of sympathetic, understanding, outside help. Some hope is seen in the possibility of a British Commonwealth Service which would augment the Nigerian Colonial Service in that certain officers or employees would actually continue in British employ, would look to the British Government for career security, but could be assigned to the Governments of any former Colony emerging into self-determination. In this case, there would be less conflict of interest with the aspiring, ambitious native.

The investments contemplated in the World Bank's Report plus those of the Colonial Development Fund, a type of British Marshall Plan, will contribute greatly to the forces of internal development. Some of them will be made directly into the educational field and that of public health, both of which today badly need assistance.

The newly-established Economic Planning Council will give advice to the Council of Ministers in the field of economic planning. It has already pulled together existing investment plans coordinating those of the Federal Government and the Regions.

The next few years should see a still greater expansion of the domestic market supported by the investment already planned in private and public enterprise. This can hardly be inflationary since wages will be drained into the consumer goods market thus stimulating the growth of small industry. It is to be expected that living standards, now so low, will greatly improve. The impact of more and better schools will early become apparent.

Time and the quality of native leadership will continue to be the chief factors affecting Nigeria's future. Poor leadership could result in a dissipation of resources and virtual break up of Government. The great mass of the people, largely illiterate, may exert a pressure those in authority will find hard to restrain. Time, patience, the continuing guiding hand of Great Britain and a measure of help and encouragement from ourselves are desirable as Nigeria faces the future.

Edward D. McLaughlin
Consul General

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